

2005 DRAFTING REQUEST

Bill

Received: **11/16/2004**

Received By: **rchampag**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Council - LRC**

By/Representing: **Nick Zavos**

This file may be shown to any legislator: **NO**

Drafter: **rchampag**

May Contact:

Addl. Drafters:

Subject: **Employ Pub - retirement**

Extra Copies:

Submit via email: **YES**

Requester's email: **don.dyke@legis.state.wi.us**

Carbon copy (CC:) to: **laura.rose@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

Income continuation insurance employer error

Instructions:

See Attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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/P1	rchampag 11/17/2004	jdye 11/17/2004	pgreensl 11/17/2004	_____	sbasford 11/17/2004		
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don. dyke

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FE Sent For:	<i>1 11/14 jld</i>	<i>11/14 pg</i>	<i>11/14 pg</i>	<i>11/14 pg</i>	<i>11/14 pg</i>		
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Requester's email: **nicholas.zavos@legis.state.wi.us**

Carbon copy (CC:) to: **rick.champagne@legis.state.wi.us**

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FE Sent For:

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DEPARTMENT OF EMPLOYEE TRUST FUNDS
STATUTORY LANGUAGE PROPOSALS
Law Revision Committee

1. Accelerated Benefit Option Continuation

Amend s. 40.24 (1) (e) to read:

A reduced annuity payable in the normal form or any of the optional life forms provided under this section, plus a temporary annuity payable monthly but terminating with the payment payable in the month following the month in which the annuitant attains age 62, or, if earlier, on the death of the annuitant. If the annuitant dies before the end of the month in which the annuitant would have reached age 62, the temporary annuity terminates with the payment payable in the month following the month in which the annuitant would have attained age 62.

The purpose of this change is to change the accelerated payment option so that the temporary annuity is treated like an annuity certain, payable until the annuitant would have reached age 62 in situations where annuitant dies before that age. This is cost-neutral to the trust fund, because the improved option would be funded by any necessary adjustments to the temporary life factors provided by the actuary. The initial present value of the annuity would be the same. This change would only apply to accelerated payment annuities with annuity effective dates on or after the effective date of the statutory change.

Y 2. Income Continuation Insurance Employer Error

Create s. 40.61 (5) to read:

0864
If as a result of employer error, an employee has not filed an application with the department as required under sub. (2) or sub. (3) or made premium contributions as required under s. 40.05 (5) within 60 days after becoming eligible for income continuation insurance coverage, the employee is considered not to be insured for that coverage. The employee may become insured by filing a new application under sub. (2) or sub. (3) within 30 days after the employee receives from the employer written notice of the error. An employee is not required to furnish evidence of insurability to become insured under this subsection. An employee becomes insured under this subsection on the first day of the month beginning after the date which the employer receives the employee's new application under sub. (2) or sub. (3) and upon approval by the department.

This provision provides consistency in administration with other benefit plans of the Department by allowing a participant to be eligible for income continuation insurance as a result of an employer error. No fiscal impact.

3. Beneficiary Standard Sequence

Amend s. 40.02 (8) (a) 2. to read:

In the absence of a written designation of beneficiary, or if all beneficiaries so designated die before filing with the department an application for any death benefit payable, the person



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-0864/P1

RAC:.....

JL

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Gen

1

AN ACT ...; relating to: income continuation insurance errors (suggested as remedial legislation by the department of employee trust funds).

2

Analysis by the Legislative Reference Bureau

The bill provides that, if an eligible employee has failed to meet the criteria for coverage under the Income Continuation Coverage program, administered by the Department of Employee Trust Funds (DETF), because of employer error, the employee may subsequently receive income continuation coverage by submitting an application within 30 days after the employee receives from the employer written notice of the error.

For further information, see the NOTES provided by the Law Revision Committee of the Joint Legislative Council.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

LAW REVISION COMMITTEE PREFATORY NOTE: This bill is a remedial legislation proposal, requested by the department of employee trust funds and introduced by the Law Revision Committee under s. 13.83 (1) (c) 4., stats. After careful consideration of the various provisions of the bill, the Law Revision Committee has determined that this bill makes minor substantive changes in the statutes, and that these changes are desirable as a matter of public policy.

3

SECTION 1. 40.61 (5) of the statutes is created to read:

40.61 (5) If, as a result of employer error, an eligible employee has not filed an application with the department as required under sub. (2) or (3) or made premium contributions as required under s. 40.05 (5) within 60 days after becoming eligible for income continuation insurance coverage, the employee is considered not to be insured for that coverage. The employee may become insured by filing a new application under sub. (2) or (3) within 30 days after the employee receives from the employer written notice of the error. An employee is not required to furnish evidence of insurability to become insured under this subsection. An employee becomes insured under this subsection on the first day of the month beginning after the date on which the employer receives the employee's new application under sub. (2) or (3) and upon approval by the department.

(END)



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-0864/P1 1

RAC:jld:pg

Sean

RMR

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

2005 Bill

-regen. cod.

- 1 AN ACT *to create* 40.61 (5) of the statutes; **relating to:** income continuation
2 insurance errors (suggested as remedial legislation by the Department of
3 Employee Trust Funds).

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8 employer written notice of the error. An employee is not required to furnish evidence
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10 insured under this subsection on the first day of the first month beginning after the
11 date on which the employer receives the employee's new application under sub. (2)
12 or (3) and upon approval by the department.

13 (END)

Insert A

A

- 5 -

~~NOTE TO LRB-0864/P1 (INSERT A)~~

NOTE: Creates a provision allowing an employee to obtain income continuation coverage when the employee has failed to meet the criteria for coverage because of employer error. Mirrors a current provision regarding failure of an employee to file for life insurance coverage due to employer error (see s. 40.70 (7m), stats.).

(end ins A)

MEMORANDUM

from DON DYKE
Legislative Council

11/17/05

Please jacket for
introduction in Senate
the following Law Revision
bills:

LAB-0864/1

LAB-0869/2

LAB-0870/2

LAB-0874/1

Thanks,

Don ^{over}
plus →

Per @
Don Dyke
Council

~~LAB-0874/1~~
LAB-0853/1